

**Proposed Trade Corridor Improvement Fund  
Programming Framework Alternatives**

**Authority and Purpose of the TCIF**

The Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, approved by the voters as Proposition 1B requires that \$2,000,000,000 be transferred from the California Ports Infrastructure, Security, and Air Quality Improvement Account, to the Trade Corridors Improvement Fund (TCIF), which is established under the Act. The funds in the TCIF are required to be available, upon appropriation in the annual Budget Act by the Legislature, and subject to such conditions and criteria as the Legislature may provide by statute, for allocation by the California Transportation Commission for infrastructure improvements along federally designated “Trade Corridors of National Significance” in this state or along other corridors within this state that have a high volume of freight movement, as determined by the Commission.

The purpose of a programming framework is to identify the Commission’s policy and implementation expectations for the TCIF program and to provide guidance to the Legislature as it crafts legislation to direct the Commission’s TCIF efforts. Ultimately, the Commission will incorporate legislative direction into guidelines that will direct Caltrans, regional agencies, and other project proponents and implementing agencies in carrying out their responsibilities under the program. The program is subject to the provisions of the Bond Act, in particular subdivision (c) (1) of Section 8879.23 of the Government Code. The programming framework alternatives presented are not intended to preclude any project nomination or any project selection that is consistent with the Bond Act. The Commission cannot anticipate all circumstances that may arise in the course of program implementation, and the Commission may find it appropriate to make exceptions to any provision in the programming framework selected or to revise or adapt its policies as issues arise in program implementation.

**Background**

For purposes of establishing a framework for programming the funds transferred to the TCIF, the Commission staff reviewed the Trade Infrastructure and Goods Movement Action Plan (GMAP) submitted to the Commission by the Secretary of Business, Transportation and Housing (BTH) and the Secretary for Environmental Protection (Cal-EPA). The Commission staff also consulted trade infrastructure and goods movement plans adopted by regional transportation planning agencies, adopted regional transportation plans required by state and federal law and the statewide port master plan prepared by the California Marine and Intermodal Transportation System Advisory Council (Cal-MITSAC).

Three TCIF workgroups were held to obtain feedback and develop a framework for programming the TCIF in a manner that addresses the State’s most urgent needs,

balances the demands of various ports, provides reasonable geographic balance between the state's regions, and places emphasis on projects that improve trade corridor mobility while reducing emissions of diesel particulate and other pollutant emissions. The first TCIF Work Group meeting objectives included a review of the GMAP prepared by BTH and Cal-EPA as well as Los Angeles, San Diego and the Bay Area regional plans. The second TCIF Work Group meeting consisted of presentations focused on transportation modes and air quality concerns. The third TCIF Work Group meeting focused on formulating programming criteria and a project selection framework. Based on information obtained to date, there appears to be a consensus that objectives of the program should be a combination of mobility enhancement and emission reduction.

### **Proposed TCIF Programming Framework Alternatives**

Considering the provisions of Proposition 1B—as well as the information reviewed and obtained from BTH, Cal-EPA, Cal-MITSAC, regional input, legislative staff, and the TCIF Work Group meetings, three programming framework alternatives have emerged, along with a general intent for programming funds, programming objectives and project selection criteria for the Commission to consider for programming from the TCIF.

#### **Alternative 1: Formula Driven Framework**

The Commission would identify the Corridors of National Significance identified in the GMAP or other corridors within the state with a high volume of freight movement for inclusion in the TCIF Program.

- 1) Consistent with legislative direction, the Commission would use funding targets to ensure geographical balance to program from the TCIF Account.
- 2) Regions would identify activities that contribute to the most significant trade corridor concerns.
- 3) Using the funding targets, the Commission would rank and program funds based on the degree to which activities within a corridor contribute to the state's overall trade corridor concerns. For example, funds could be allocated by port region in proportion to relative cargo volumes for the most recent calendar year as measured by a weighted index of annual TEUs of containerized cargo; annual tonnage for non-containerized, non-liquid bulk cargo and road and rail congestion related to freight goods movement.
- 4) Regions would submit projects that address the most significant trade corridor activities that require immediate resolution and provide long term benefit. The projects submitted must meet the TCIF program objectives and intent, be ready for construction within five years, and be included in an RTP.
- 5) The Commission would evaluate and select projects based on the project selection criteria. In addition to the project criteria set forth below, project criteria may also include performance and cost effectiveness measures. For example, measures such as annual reduction of vehicle hours and train hours of delay and other similar criteria may be required to identify those projects that resolve the most significant trade corridor concerns.

### **Alternative 2: Investment Framework**

The Commission would identify the Corridors of National Significance identified in the GMAP or other corridors within the state with a high volume of freight movement for inclusion in the TCIF Program. Consistent with legislative direction, the Commission would use funding targets to ensure geographical balance to program from the TCIF Account. The Commission would establish broad statewide programming criteria and performance objectives for the TCIF Program.

Given that the most urgent trade corridor needs appear to vary greatly among regions, the regions would work individually to develop appropriate program objectives, investment criteria and performance measures for each corridor. The Commission would review and approve the program objectives, investment criteria and performance measures for each corridor and ensure that the four corridor approaches reflect an overall California goods movement strategy, like that of the GMAP and/or Cal-MITSAC.

To meet the program objectives, regions would develop an investment package to accomplish the program objectives and identify and prioritize projects. The investment package would include performance measures and committed funds for projects in RTPs that would begin construction within five years.

Once a consensus package of projects is reached among the regions, the Commission, working closely with the regional agencies within each corridor, would make investment decisions as follows:

- 1) Program funds in each corridor that:
  - Address the state's most urgent goods movement needs.
  - Provide reasonable geographic balance within and between the state's corridors.
- 2) Evaluate and select projects within each corridor based on the project selection criteria specific to each corridor.

### **Alternative 3: System Activity Based Framework**

The Commission would identify the Corridors of National Significance identified in the GMAP or other corridors within the state with a high volume of freight movement for inclusion in the TCIF Program. Consistent with legislative direction, the Commission would use funding targets to ensure geographical balance to program from the TCIF Account.

Regions would identify activities within their corridor(s) that offer the greatest system benefits for achieving the TCIF program objectives. Specifically, regions would implement demand management strategies and target those activities that would provide the greatest system benefits to the TCIF program objectives. Using the funding targets, the Commission would program funds to those regions based on the activities that would provide the greatest system benefit to the TCIF program objectives.

Project nominations would include a target for anticipated system benefits, total activity performance measurements and project investment required to achieve the TCIF program objectives. Projects nominated must be included in an RTP and be ready for construction within five years.

The Commission would rank the projects by the greatest anticipated system benefits to be achieved and the impact to the TCIF program objectives and intent. Those projects which include activities with the greatest system benefits and impact to the TCIF program objectives and intent would then be evaluated and selected based on the selection criteria.

### **TCIF Program Intent**

Within the framework selected, the Commission would program funds based on the four general mandates provided in the bond act. Consistent with Proposition 1B, the Commission would allocate funds for trade infrastructure improvements from the account in a manner that:

- Addresses the state's most urgent needs
- Balances the demands of various ports (between large and small ports, as well as between seaports, airports, and land ports of entry)
- Provides reasonable geographic balance between the state's regions, and
- Places emphasis on projects that improve trade corridor mobility while reducing emissions of diesel particulate and other pollutant emissions.

In order to build the foundation for a long-term state trade corridor infrastructure program, the Commission intends to develop a phased programming process that extends beyond the \$2 billion earmarked for TCIF as set forth in Proposition 1B as follows:

#### **Phase 1**

Phase 1 would address priorities in those corridors that impact international trade, emission reduction and would be ready for construction within five years for the following:

- 1) Projects to enhance the capacity and efficiency of ports and contribute to reducing emissions.
- 2) Border access improvements that enhance goods movement between California and Mexico and that maximize the state's ability to access coordinated border infrastructure funds made available to the state by federal law.
- 3) Projects that enhance the flow of goods between the ports and inland distribution and production centers.

It is entirely possible that projects similar to those identified as Phase 2 projects would be funded in Phase 1, subject to regional prioritization, available funding, impact on air quality, and deliverability within five years.

**Phase 2**

Phase 2 would address priorities for handling intra-regional distribution of goods, mobility enhancement and emission reduction. Phase 2 would be subject to additional funding becoming available. Projects to be completed in phase 2 include:

- 1) Highway capacity improvements and operational improvements to more efficiently accommodate the movement of freight, particularly for ingress and egress to and from the state's seaports, including navigable inland waterways used to transport freight between seaports, land ports of entry, and airports, and to relieve traffic congestion along major trade or goods movement corridors.
- 2) Freight rail system improvements to enhance the ability to move goods from seaports, land ports of entry, and airports to warehousing and distribution centers throughout California, including projects that separate rail lines from highway or local road traffic, improve freight rail mobility through mountainous regions, relocate rail switching yards, and other projects that improve the efficiency and capacity of the rail freight system.
- 3) Truck corridor improvements, including dedicated truck facilities or truck toll facilities.
- 4) Surface transportation improvements to facilitate the movement of goods to and from the state's airports.

The Commission intends to utilize the TCIF funds primarily for the construction costs of fully funded projects in RTPs that would begin the construction phase within five years. The Commission may set aside \$50 million to fund demonstration projects that have the potential to support the movement of freight in a manner than produces zero emissions.

**Programming Objectives:**

In accordance with Proposition 1B, funds would be programmed for:

- (i) Highway capacity improvements and operational improvements to more efficiently accommodate the movement of freight, particularly for ingress and egress to and from the state's seaports, including navigable inland waterways used to transport freight between seaports, land ports of entry, and airports, and to relieve traffic congestion along major trade or goods movement corridors.
- (ii) Freight rail system improvements to enhance the ability to move goods from seaports, land ports of entry, and airports to warehousing and distribution centers throughout California, including projects that separate rail lines from highway or local road traffic, improve freight rail mobility through mountainous regions, relocate rail switching yards, and other projects that improve the efficiency and capacity of the rail freight system.
- (iii) Projects to enhance the capacity and efficiency of ports.
- (iv) Truck corridor improvements, including dedicated truck facilities or truck toll facilities.

- (v) Border access improvements that enhance goods movement between California and Mexico and that maximize the state's ability to access coordinated border infrastructure funds made available to the state by federal law.
- (vi) Surface transportation improvements to facilitate the movement of goods to and from the state's airports.

### **Project Selection Criteria**

Per the three work group meetings, the following project selection criteria has been suggested to be used to rate and select specific projects for allocation:

- Improvement to trade corridor mobility while reducing emissions of diesel particulate and other pollutant emissions.
- The degree to which the project increases:
  - a. "Velocity," which means the speed by which large cargo would travel from the port through the distribution system.
  - b. "Throughput," which means the volume of cargo that would move from the port through the distribution system.
  - c. "Reliability," which means a reasonably consistent and predictable amount of time for cargo to travel from one point to another on any given day or at any given time in California.
  - d. "Congestion reduction," which means the reduction in recurrent daily hours of delay to be achieved.
- Leveraging of bond funds by encouraging non-state contributions to the project.
- Projects that demonstrate local cooperation among more than one local government or agency.
- Except for border access improvement projects, committed supplemental funding for the project would be at least equal to the amount of bond funds requested. The Commission may give priority for funding to projects with higher levels of committed supplemental funding.
- Support and commitment that the project is fully funded. All supplemental financial commitments from appropriate local, federal or private sources must be stable, reliable, and available within the proposed project timetable.
- The total cost of the infrastructure improvement project must include the cost of required project-specific mitigation and the total cost must be funded as the cost of the project.
- Consideration of specified emissions associated with the construction and operation of a project.
- Green Construction Equipment - Construction of the project should be with green construction equipment to the extent feasible and be cost effective.
- Uses new technologies, including intelligent transportation systems that enhance the efficiency of the project.
- Reduces or improves air quality and addresses community impacts. The proponent of the infrastructure improvement project, either alone or with a third party, must fund air particulate matter monitoring and monitoring for relevant toxic air pollutants to be implemented by the local or Regional Air District.

- Assurance that a Community Advisory Committee is in place for an infrastructure improvement project that is in a Regional Transportation Plan (RTP) and has not gone through the environmental review process. Likewise, for a new project to obtain funding, when it reaches the project EIR/EIS stage, it must have a Community Advisory Committee similar to that in the I-710 process.
- Performance measures are in place for monitoring, reporting and measuring performance and the degree to which projects are achieving the goals and objectives of the project.